25.0597.03000

Sixty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2229

Introduced by

Senators Boschee, Larson, Cory

Representatives Ostlie, Vetter

A BILL for an Act to create and enact a new section to chapter 47-10 of the North Dakota Century Code, relating to required disclosures before the sale of a condominium unit or a property subject to a homeowners' association or a condominium project.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 47-10 of the North Dakota Century Code is created and enacted as follows:

Required disclosures - Seller to provide.

1. As used in this section:
   a. "Condominium" has the same meaning as provided under section 47-04.1-01.
   b. "Condominium project" means a real property development or plan consisting of a condominium.
   c. "Homeowners' association" means an organization making and enforcing rules and guidelines for a residential subdivision or planned community.
2. By a mutually agreed upon date or within ten days of executing an agreement to sell or transfer a property subject to the rules and regulations of a homeowners' association or condominium project, the seller shall disclose in writing to a prospective buyer:
   a. A statement describing the amount of the periodic common expense assessment, maintenance fees, or other charges and any unpaid common expenses or special assessments currently due and payable from the seller;
   b. The amount of approved special assessments;
   c. A copy of the bylaws, amendments, supplemental declarations, rules, or regulations of the homeowners' association or condominium project, official

minutes from the last two meetings of the association or condominium project, and the declaration other than the plats and plans;

d. The amount of reserve and capital funds available and committed to current or pending projects of the homeowners' association or condominium project;

e. Whether the homeowners' association or condominium project uses a reserve study;

f. The current operating and reserve budgets and year-to-date financial statement of the homeowners' association or condominium project and of any portions of those reserves designated by the association or condominium project for any specified projects;

g. Any insurance documents indicating coverage provided by a homeowners' association or condominium project;

h. A statement of any unsatisfied judgments against the homeowners' association or the condominium project and the status of any pending lawsuits in which the association or project is a defendant, excluding routine assessment collections;

i. Notice of any homeowners' association or condominium project alleged and uncured violations pertaining to the home or unit;

j. Any fees relating to the transfer of ownership or other transactions;

k. A statement of the remedies available to the homeowners' association or condominium project as a result of nonpayment;

l. The assessment collection policy;

m. Notice of any homeowners' association or condominium project restrictions related to the leasing of a unit;

n. A list of homeowners' association or condominium project amenities; and

o. The contact information for the homeowners' association or condominium project or community association manager.

3. The documents provided under subsection 2 must include information from at least the ninety days immediately preceding the effective date of the agreement to sell or transfer a property.

4. A seller or seller's agent complying with this section is not liable for any claim or action based on the disclosed information under subsection 1.

5. The homeowners' association or condominium project, within ten days after a request by a seller, or the seller's authorized representative, shall furnish the documents required under subsection 2. The homeowners' association or condominium project may charge a reasonable fee, which must be disclosed before the final acceptance of a purchase agreement, for furnishing any homeowners' association or condominium project documents under subsection 2. If the requested documents under subsection 2 are not available, the homeowners' association or condominium project shall notify the seller of the unavailability of the documents, provided the documents are not the information requested under subdivisions a, b, d, and f of subsection 2.

6. A buyer is not liable for any unpaid assessment or fee greater than the amount provided in the documents prepared by the homeowners' association or condominium project. A seller is not liable to a buyer for the failure or delay of the homeowners' association or condominium project to provide the documents in a timely manner, but the purchase contract is voidable by the buyer until the documents have been provided and for five days after receipt of the documents or until conveyance, whichever occurs first.

7. If, after delivering the homeowners' association or condominium project information to the buyer or the buyer's agent and before the date of closing for the property or the date of possession of the property, whichever comes first, the seller becomes aware of any change of material fact that would affect the information, the seller must furnish a written amendment disclosing the change of material fact.